

September 22, 2011

**Filed Via ECFS**

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

**Notice of Ex parte regarding: WC Docket Nos. 10-90, 07-135, 05-337 and 03-109, GN Docket No. 09-51 and CC Docket Nos. 01-92 and 96-45 in the matter of Connect America Fund, a National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-cost Universal Support, developing a Unified Intercarrier Compensation Regime, federal-State Joint Board on Universal Service, Lifeline and Link-up**

Dear Ms Dortch:

On September 21, 2011, Archie Macias of Wheat State Telephone Company, and Stuart Polikoff and Brian Ford of The Organization for the Promotion and Advancement of Small Telecommunication Companies (OPASTCO), met with the following members of the Federal Communications Commission's (FCC) Wireline Competition Bureau, Carol Matthey, Amy Bender, Al Lewis, Katie King, Doug Sloten, Gary Seigel, and Patrick Halley to discuss the FCC's pending universal service and inter-carrier compensation notice of proposed rulemaking in the referenced dockets. The discussion was both in general and how the proposed Rural Local Exchange Carrier (RLEC) plan and the American Broadband Connectivity (ABC) plan would impact Wheat State specifically.

Wheat State previously filed comments on April 18, 2011 in the mentioned dockets and on July 12, 2010 in the additional WC Docket Nos. 10-90 and 05-337, and GN Docket 09-51. Wheat State also participated in an ex parte meeting with the FCC on June 24, 2011.

Archie Macias presented a comparison of the impact of the proposed Connect America Fund (CAF) and ICC reform transition steps in the RLEC's plan versus the current Universal Service Fund support under FCC rules. Information was also provided that supported the fact that Kansas established a Kansas Universal Service Fund and statewide average local rates fifteen years ago, and that Kansas's approved intrastate access charges are in parity with interstate access charges.

On behalf of Wheat State Telephone Company and pursuant to Section 1.1206(b) of the Commission's rules, a redacted version of this submission is filed for inclusion in the public record of the referenced proceeding.

Sincerely,



William J. Warinner, Partner

**MOSS ADAMS LLP**

cc: Archie Macias, Wheat State Telephone Company

# **WHEAT STATE TELEPHONE, INC.**

## **EX PARTE PRESENTATION TO FCC WIRELINE COMPETITION BUREAU STAFF**

**REDACTED VERSION  
CONFIDENTIAL INFORMATION SUBJECT TO  
PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKET  
NOS. 05-337, 07-135, AND 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FCC**

**Washington, D.C.  
September 21, 2011**



## INTRODUCTIONS

Archie Macias, General Manager  
Wheat State Telephone  
106 West First, PO Box 320  
Udall, KS 67146-0320  
620-782-3341  
agmacias@wheatstate.com

**REDACTED VERSION  
CONFIDENTIAL INFORMATION SUBJECT TO  
PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKET  
NOS. 05-337, 07-135, AND 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FCC**

September 21 , 2011



# CHARTS AND SUPPORTING DOCUMENTATION

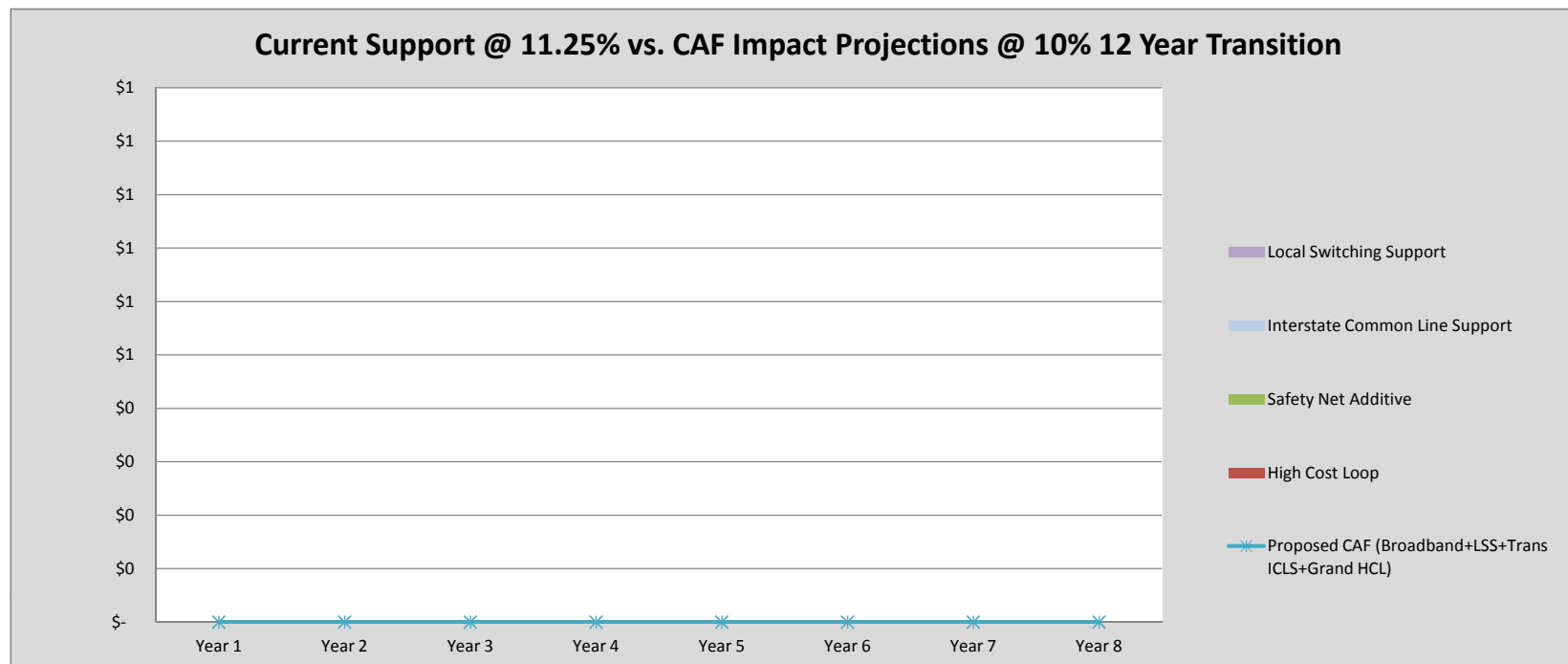
- 1 – Graph – Current Support @ 11.25% versus CAF Impact Projections @ 10%
- 2 – Graph – CAF Projections @ 10% versus Current Support @ 11.25%
- 3 – Graph – Line Graph comparing CAF Projections versus Current Support
- 4 – Graph – Compare CAF Projection with Interstate Revenue Requirement recoverable through rates and Current Support with Interstate Revenue Requirement Recoverable Through Rates
- 5 – Graph – Comparison of Current Terminating Revenue versus Proposed Terminating Revenue
- 6 – 10% ROR – Model at 10% RR and CAF Support
- 7 – Base @ 11.25% Model @ 11.25% and existing support
- 8 – ICC Revenue Impact – Calculates Transition to \$ .007
- 9 – Corp Cap – provides High Cost Loop Calculation for Corporate Operations CAP

REDACTED VERSION  
CONFIDENTIAL INFORMATION SUBJECT TO  
PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKET  
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September 21, 2011



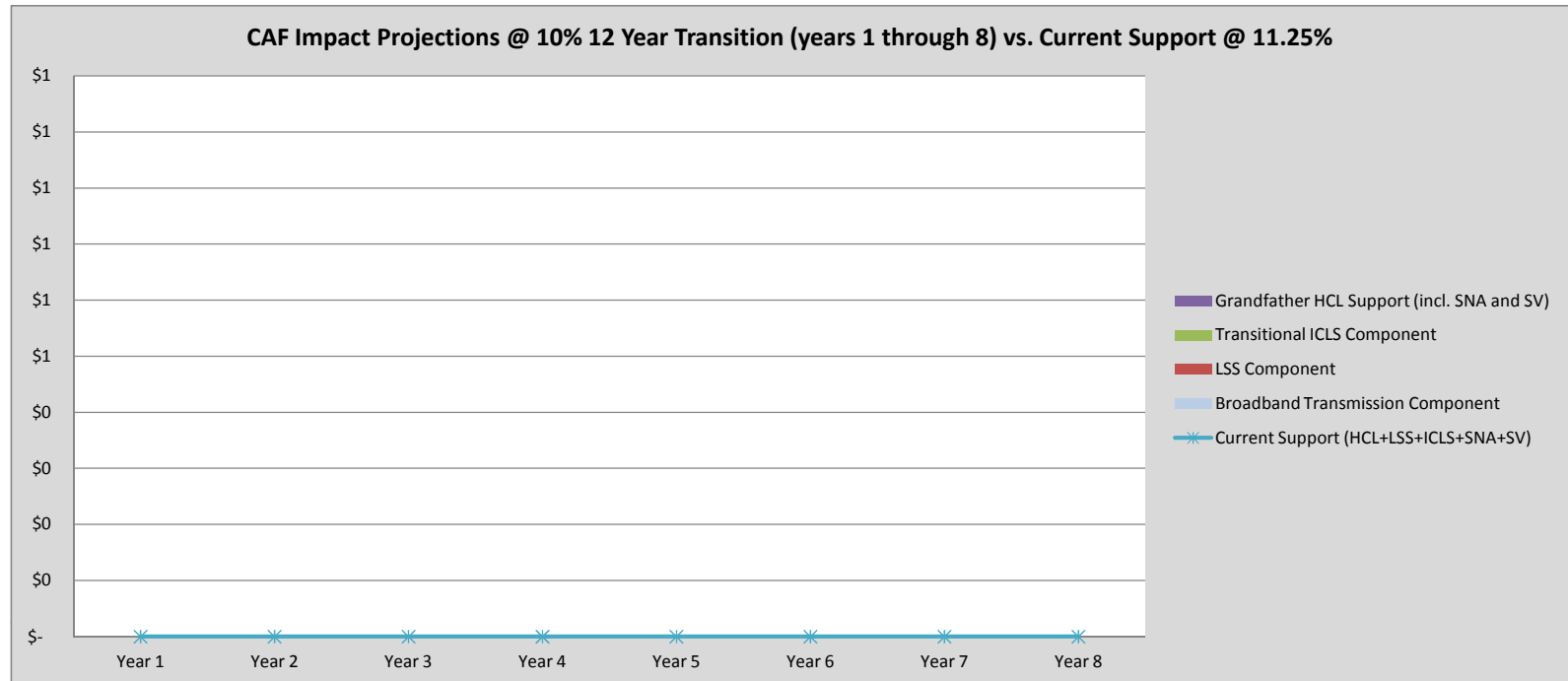
**Wheat State Telephone Company, Inc.**  
**Summary of Support Under Current Rules**  
**REDACTED VERSION**



	2012 <u>Year 1</u>	2013 <u>Year 2</u>	2014 <u>Year 3</u>	2015 <u>Year 4</u>	2016 <u>Year 5</u>	2017 <u>Year 6</u>	2018 <u>Year 7</u>	2019 <u>Year 8</u>
<u>Current Support at 11.25%</u>								
Local Switching Support								
High Cost Loop								
Safety Net Additive								
Interstate Common Line Support								
Current Support at 11.25%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>CAF Impact Projections @ 10% 12 Year Transition</u>								
Proposed CAF (Broadband+LSS+Trans ICLS+Grand HCL)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKETS  
NOS. 05-337, 07-135 AND 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNICATIONS COMMISSION**

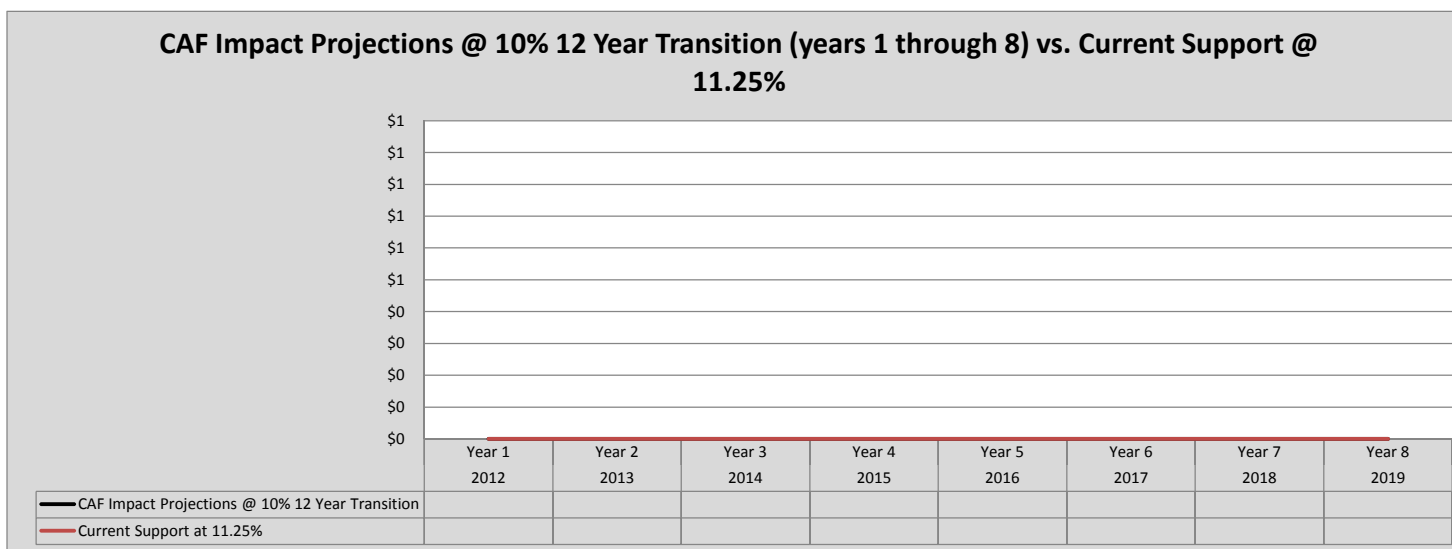
**Wheat State Telephone Company, Inc.**  
**Summary of Support Under Proposed CAF Changes**  
**REDACTED VERSION**



	2012	2013	2014	2015	2016	2017	2018	2019
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
<u>CAF Impact Projections @ 10% 12 Year Transition</u>								
Broadband Transmission Component								
LSS Component								
Transitional ICLS Component								
Grandfather HCL Support (incl. SNA and SV)								
Total Proposed CAF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Current Support at 11.25%</u>								
Current Support (HCL+LSS+ICLS+SNA+SV)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKETS  
NOS. 05-337, 07-135 AND 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNICATIONS COMMISSION**

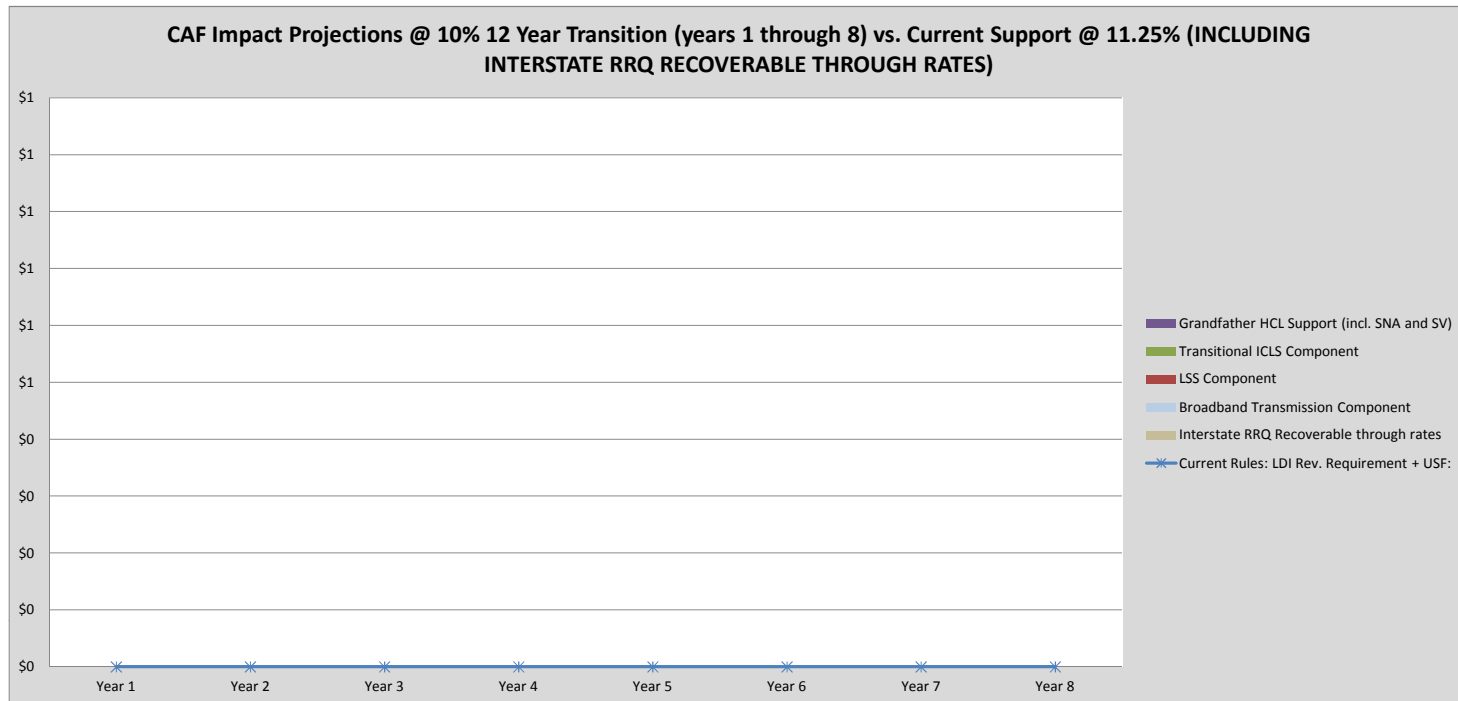
**Wheat State Telephone Company, Inc.**  
**Comparison of Current Support and Support Under Proposed CAF Changes**  
**REDACTED VERSION**



	2012 Year 1	2013 Year 2	2014 Year 3	2015 Year 4	2016 Year 5	2017 Year 6	2018 Year 7	2019 Year 8
CAF Impact Projections @ 10% 12 Year Transition								
Current Support at 11.25%								
Difference Proposed CAF vs. Existing Support	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Summary of Support Components</b>								
Broadband Transmission Component								
LSS Component								
Transitional ICLS Component								
Grandfather HCL Support (incl. SNA and SV)								
CAF Impact Projections @ 10% 12 Year Transition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local Switching Support								
High Cost Loop								
Safety Net Additive								
Interstate Common Line Support								
Current Support at 11.25%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKETS  
NOS. 05-337, 07-135 AND 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNICATION COMMISSION**

**Wheat State Telephone Company, Inc.**  
**Summary of CAF Projections Including Interstate Revenue Requirement Recoverable Through Rates**  
**Versus Current Support and Interstate Revenue Requirement Recoverable Through Rates**  
**REDACTED VERSION**

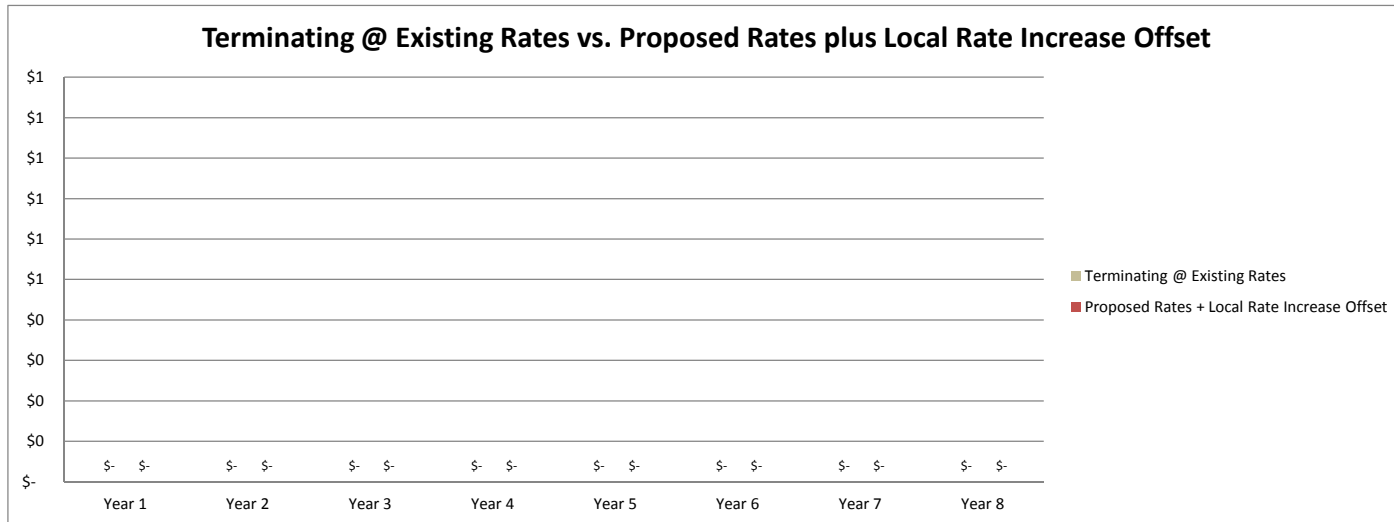


	2012 Year 1	2013 Year 2	2014 Year 3	2015 Year 4	2016 Year 5	2017 Year 6	2018 Year 7	2019 Year 8
<u>Proposed CAF Support &amp; Interstate Rev Req Through Rates</u>								
Broadband Transmission Component								
LSS Component								
Transitional ICLS Component								
Grandfather HCL Support (incl. SNA and SV)								
Interstate RRQ Recoverable through rates								
Total CAF & Interstate Rev Req Through Rates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Current Support &amp; Interstate Rev Req Through Rates</u>								
Current Support at 11.25%								
Interstate RRQ Recoverable through rates								
Current Rules: LDI Rev. Requirement + USF:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Difference</u>								
Proposed CAF with Rates vs. Existing Support with Rates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKETS  
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**Wheat State Telephone Company, Inc.**  
**Comparison of Current Terminating Revenue versus Proposed Terminating Revenue**  
**Local Offset to \$25.00 Recoverable Through End User Increase (Proposed SLC Increase)**  
**REDACTED VERSION**



		2012	2013	2014	2015	2016	2017	2018	2019
		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
<b>Kansas Mirrors Interstate Rates and Rate Structure</b>									
<u>Existing Rates</u>									
Interstate Terminating at Current Rate									
Intrastate Terminating at Current Rate									
Reciprocal Compensation at Current Rate									
Ln 1	Terminating @ Existing Rates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Proposed Rates</u>									
Interstate Terminating at Proposed Rate									
Intrastate Terminating at Proposed Rate									
Reciprocal Compensation at Proposed Rate									
Ln 2	Terminating @ Proposed Rates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Average Local Rate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ln 3	Local Rate Increase Offset								
Ln 4 = 2 + 3	<b>Proposed Rates + Local Rate Increase Offset</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ln 5	Access Recovery Impact (Line 4 - Line 1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKETS  
NOS. 05-337, 07-135 AND 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNICATION COMMISSION

DATA INPUTS											
<b>Wheat State Telephone Company, Inc</b> <b>10% Interstate ROR &amp; Corp Ops Cap</b> <b>REDACTED VERSION</b>	FY1 2009	Base Year 2010	Exclude 2011	Year 1 2012	Year 2 2013	Year 3 2014	Year 4 2015	Year 5 2016	Year 6 2017	Year 7 2018	Year 8 2019
CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKETS NOS. 05-337, 07-135 and 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNICATION COMMISSION											
Total Company (Regulated) Rev. Reqmt. (RRQ)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CL RRQ											
SW RRQ											
SP RRQ (excl. DSL)											
DSL RRQ											
Interstate RRQ	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intrastate RRQ											
Middle mile RRQ											
Access Lines											
DSL Lines											
SLC revenues											
Broadband Take Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Increase for additional loop costs (Moss Adams)											
Additional Loop Costs Based on Take Rate	\$ -										
Broadband RRQ	\$ -			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local Switching Support											
High Cost Loop											
Safety Net Additive											
Safety Valve Support											
Interstate Common Line Support	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Study Area Benchmark Value (calculated)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Study area variable line component (calculated)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Study area fixed non-line component	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Wheat State Telephone Company, Inc**  
**10% Interstate ROR & Corp Ops Cap**  
**REDACTED VERSION**

	FY1 2009	Base Year 2010	Exclude 2011	Year 1 2012	Year 2 2013	Year 3 2014	Year 4 2015	Year 5 2016	Year 6 2017	Year 7 2018	Year 8 2019
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CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKETS  
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**CALCULATIONS**

Ln		FY1	Base Year	Exclude	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
1	Total Company (Regulated) Rev. Reqmt.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
a.	Current Interstate Revenue Requirement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b.	Current Intrastate Revenue Requirement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Middle Mile Revenue Requirement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	Additional Loop Costs @ Take Rate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	Interstate Rural CAF Components:											
a.	Broadband Transmission Component	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
b.	LSS component	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
c.	Transitional ICLS component	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Interstate RRQ Recoverable through rates	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
6	Adjusted Intrastate RRQ	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Grandfathered HCL Support (incl. SNA and SV)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Total Support (Sum of Lns 4a, 4b, 4c and 7)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
9	Current Support (HCL+LSS+ICLS+SNA+SV)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
a.	Difference (Ln 8 - Ln 9)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
<b>Added by Moss Adams</b>												
10	Total IS Rev Req & CAF Support (Ln 5 + Ln 8)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
<b>Revenue Under Existing Rules</b>												
11	Interstate RRQ Recoverable through rates (incl SLC Rev)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	USF Support from Existing Rules	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Total IS Rev Req & USF Support	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	Revenue Increase (Decrease) from NBP Proposals	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

**Wheat State Telephone Company, Inc**  
**10% Interstate ROR & Corp Ops Cap**  
**REDACTED VERSION**

FY1  
2009

Base Year  
2010

Exclude  
2011

Year 1  
2012

Year 2  
2013

Year 3  
2014

Year 4  
2015

Year 5  
2016

Year 6  
2017

Year 7  
2018

Year 8  
2019

CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKETS  
NOS. 05-337, 07-135 and 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNICATION COMMISSION

Data Inputs Instructions:

- 1 Amounts in shaded cells are for input and should reflect best estimates of study area specific operations and growth characteristics. Base year amounts and current support should be calculated at 11.25% ROR; Year 1 to 8
- 2 Interstate Revenue requirement (RRQ) amounts = sum of CL, SW, SP (excl DSL) and DSL RRQ and include the USF high cost loop corporate operations expense limitation and a 10% capital expenditure limitation. Default
- 3 Special Access RRQ includes the DSL Access Service Connection Point (DSL ASCP) and the interconnection between the DSL ASCP and the ISP.
- 4 DSL RRQ includes NIDs, INIDs (up to 50% allocation), DSLAMs, Fiber To The Premise (FTTP) Optical Line Terminal (up to 50% allocation), FTTP Optical Network Terminals (up to 50% allocation), second mile
- 5 Intrastate Revenue requirement (RRQ) amount = State/Local RRQ from Part 36 allocation
- 6 Middle mile RRQ should be actual or estimated amounts for the costs of broadband transmission beyond the DSL connection point to the Internet backbone.  
Default estimated amounts = \$5.34 x broadband lines x 12. Note that \$5.34 is based on NECA pool average. Substitute with more accurate company-specific middle mile cost per line.
- 7 Counts of "Naked DSL" lines should be included in both Access Lines and DSL Lines. Broadband take rate = DSL Lines/Total Access Lines. If broadband take rate is less than 25%, enter 25%.  
Broadband take rate cannot exceed 100% by definition.
- 8 SLC revenues are to be based on currently effective subscriber line charges applied according to current FCC access charge rules.
- 9 Additional Loop Costs based on broadband take rate have been calculated by comparing the "before" (i.e., current 25% gross allocator) and "after" (i.e., gross allocator = broadband take rate) results of allocator model runs.
- 10 Broadband RRQ represents last mile, second mile, middle mile and related Internet connection costs for working broadband lines (ADSL and naked DSL) and is calculated as: (CLRRQ x broadband take rate) + Transitioned
- 11 Local Switching Support, High Cost Loop Support, Interstate Common Line Support, Safety Net Additive and Safety Valve Support are to be calculated or estimated according to current rules.
- 12 Study area benchmark is comprised of a fixed non-line component starting at \$19.25 in year 1 increasing for all study areas to \$24.75 in year 8, plus a study area variable line component that is based on the study area's

Calculations:

Ln Description

- 1 Revenue Requirement (Total Co., Interstate and Intrastate) = value from Data Inputs
- 2 Middle mile RRQ = value from Data Inputs
- 3 Add'l Loop Costs based on Broadband Allocation Factor (study area increase above current 25%); transitional impact over 12 years, i.e., increase loop allocation 1/12 each year.
- 4a Broadband transmission component = (Broadband RRQ per broadband line per month - study area benchmark) x broadband lines x 12 to annualize; broadband lines assumed to equal DSL lines  
Broadband RRQ per broadband line (per month) = (last mile + second mile + middle mile) / DSL lines / 12  
Last mile = (CL RRQ x take rate) + Transitioned Additional Loop Costs; Second mile = DSL RRQ; Middle mile = Middle Mile RRQ  
Study area benchmark is calculated using Data Inputs
- 4b Current LSS ; limited to total Local Switching revenue requirement
- 4c Calculated using voice-only components of CL revenue requirement and SLC revenues = (CL RRQ x (1-broadband take rate)) - (SLC Revenues x (1-broadband take rate))
- 5 Sum of lines 1 to 3 minus sum of lines 4a to 4c
- 6 Adjusted Intrastate RRQ = Line 1b - Line 3
- 7 Grandfathered support = difference between the amount of HCL+SNA+SV support and Transitioned Additional Loop Costs (Ln 3) included in Broadband Transmission Component (Ln 4a)

**Preliminary RLEC CAF Computation  
Study Area Calculation Template  
Version 2.0 - July 20, 2011  
Assumes 10% Authorized ROR and 12-year transition**

**WORK IN PROGRESS  
DRAFT ONLY**

DATA INPUTS											
Wheat State Telephone Company, Inc	FYI	Base Year	Exclude	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
FTTH Base - 11.25% Interstate ROR	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REDACTED VERSION											
CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKETS NOS. 05-337, 07-135 and 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNICATION COMMISSION											
Total Company (Regulated) Rev. Reqmt. (RRQ)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CL RRQ											
SW RRQ											
SP RRQ (excl. DSL)											
DSL RRQ											
Interstate RRQ	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intrastate RRQ											
Middle mile RRQ											
Added by Moss Adams											
Interstate RRQ at 10%		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Percent Decrease due to ROR		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Access Lines											
DSL Lines											
SLC revenues											
Broadband Take Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Additional Loop Costs Based on Take Rate	\$ -										
Broadband RRQ	\$ -			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local Switching Support											
High Cost Loop											
Safety Net Additive											
Safety Valve Support											
Interstate Common Line Support	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Study Area Benchmark Value (calculated)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Study area variable line component (calculated)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Study area fixed non-line component	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Preliminary RLEC CAF Computation  
Study Area Calculation Template  
Version 2.0 - July 20, 2011  
Assumes 10% Authorized ROR and 12-year transition**

**WORK IN PROGRESS  
DRAFT ONLY**

**Wheat State Telephone Company, Inc  
FTTH Base - 11.25% Interstate ROR  
REDACTED VERSION**

FYI	Base Year	Exclude	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019

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**CALCULATIONS**

Ln		FYI	Base Year	Exclude	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
1	Total Company (Regulated) Rev. Reqmt.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
a.	Current Interstate Revenue Requirement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b.	Current Intrastate Revenue Requirement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Middle Mile Revenue Requirement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	Additional Loop Costs @ Take Rate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	Interstate Rural CAF Components:											
a.	Broadband Transmission Component	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
b.	LSS component	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
c.	Transitional ICLS component	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Interstate RRQ Recoverable through rates	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
6	Adjusted Intrastate RRQ	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Grandfathered HCL Support (incl. SNA and SV)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Total Support (Sum of Lns 4a, 4b, 4c and 7)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
9	Current Support (HCL+LSS+ICLS+SNA+SV)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
a.	Difference (Ln 8 - Ln 9)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
9a	Current Support & Interstate RRQ Recoverable through rates				#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
<b>Added by Moss Adams</b>												
10	Total IS Rev Req & CAF Support (Ln 5 + Ln 8)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
<b>Revenue Under Existing Rules</b>												
11	Interstate RRQ Recoverable through rates (incl SLC Rev)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	USF Support from Existing Rules	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Total IS Rev Req & USF Support	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	Revenue Increase (Decrease) from NBP Proposals	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a

**Preliminary RLEC CAF Computation  
Study Area Calculation Template  
Version 2.0 - July 20, 2011  
Assumes 10% Authorized ROR and 12-year transition**

**WORK IN PROGRESS  
DRAFT ONLY**

**Wheat State Telephone Company, Inc  
FTTH Base - 11.25% Interstate ROR  
REDACTED VERSION**

FYI	Base Year	Exclude	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019

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- 1 Amounts in shaded cells are for input and should reflect best estimates of study area specific operations and growth characteristics. Base year amounts and current support should be calculated at 11.25% ROR; Year 1 to 8 revenue requirements and proposed support should be calculated at 10% ROR. Amounts can either be entered in each cell or calculated by applying company-specific growth percentages in cell calculations. NOTE: none of the cells have been "protected", giving you the opportunity to do other "what-if" calculations on the preliminary RLEC CAF computations. However, doing so will produce results different from the main CAF model.
- 2 Interstate Revenue requirement (RRQ) amounts = sum of CL, SW, SP (excl DSL) and DSL RRQ and include the USF high cost loop corporate operations expense limitation and a 10% capital expenditure limitation. Default average annual growth projections: CL RRQ=+2.2%; SW RRQ = -3.0%; SP RRQ (incl. DSL) = +4.9%; LS RRQ = -3.3%; LSS = -4.2%; SLC revs = -4.7%
- 3 Special Access RRQ includes the DSL Access Service Connection Point (DSL ASCP) and the interconnection between the DSL ASCP and the ISP.
- 4 DSL RRQ includes NIDs, INIDs (up to 50% allocation), DSLAMs, Fiber To The Premise (FTTP) Optical Line Terminal (up to 50% allocation), FTTP Optical Network Terminals (up to 50% allocation), second mile transmission equipment and facilities, ILEC broadband aggregation equipment (not including the DSL ASCP), and in the case of naked DSL, the loop cost. Second mile costs are included in the DSL RRQ.
- 5 Intrastate Revenue requirement (RRQ) amount = State/Local RRQ from Part 36 allocation
- 6 Middle mile RRQ should be actual or estimated amounts for the costs of broadband transmission beyond the DSL connection point to the Internet backbone. Default estimated amounts = \$5.34 x broadband lines x 12. Note that \$5.34 is based on NECA pool average. Substitute with more accurate company-specific middle mile cost per line.
- 7 Counts of "Naked DSL" lines should be included in both Access Lines and DSL Lines. Broadband take rate = DSL Lines/Total Access Lines. If broadband take rate is less than 25%, enter 25%. Broadband take rate cannot exceed 100% by definition.
- 8 SLC revenues are to be based on currently effective subscriber line charges applied according to current FCC access charge rules.
- 9 Additional Loop Costs based on broadband take rate have been calculated by comparing the "before" (i.e., current 25% gross allocator) and "after" (i.e., gross allocator = broadband take rate) results of allocator model runs. Additional loop costs are calculated to be the difference in the resulting Common Line RRQ amounts.
- 10 Broadband RRQ represents last mile, second mile, middle mile and related Internet connection costs for working broadband lines (ADSL and naked DSL) and is calculated as: (CLRRQ x broadband take rate) + Transitioned Additional Loop Costs + Second mile (DSL RRQ)+ Middle Mile costs
- 11 Local Switching Support, High Cost Loop Support, Interstate Common Line Support, Safety Net Additive and Safety Valve Support are to be calculated or estimated according to current rules.
- 12 Study area benchmark is comprised of a fixed non-line component starting at \$19.25 in year 1 increasing for all study areas to \$24.75 in year 8, plus a study area variable line component that is based on the study area's take rate, eg. Line component at 25% take rate = \$6.50, at 50% take rate = \$13.00, at 75% take rate = \$19.50 transitioned over 12 year period. For example, if year 1 take rate is 50%, year 1 variable line component would be \$6.50 plus 1/12 of additional \$6.50 = \$6.50 + \$0.54 = \$7.15; total year 1 benchmark would be \$19.25 + \$7.15 = \$26.40.

Calculations:

- | Ln | Description  |
|----|--|
| 1  | Revenue Requirement (Total Co., Interstate and Intrastate) = value from Data Inputs  |
| 2  | Middle mile RRQ = value from Data Inputs   |
| 3  | Add'l Loop Costs based on Broadband Allocation Factor (study area increase above current 25%); transitional impact over 12 years, i.e., increase loop allocation 1/12 each year.   |
| 4a | Broadband transmission component = (Broadband RRQ per broadband line per month - study area benchmark) x broadband lines x 12 to annualize; broadband lines assumed to equal DSL lines<br>Broadband RRQ per broadband line (per month) = (last mile + second mile + middle mile) / DSL lines / 12<br>Last mile = (CL RRQ x take rate) + Transitioned Additional Loop Costs; Second mile = DSL RRQ; Middle mile = Middle Mile RRQ<br>Study area benchmark is calculated using Data Inputs |
| 4b | Current LSS ; limited to total Local Switching revenue requirement   |
| 4c | Calculated using voice-only components of CL revenue requirement and SLC revenues = (CL RRQ x (1-broadband take rate)) - (SLC Revenues x (1-broadband take rate))  |
| 5  | Sum of lines 1 to 3 minus sum of lines 4a to 4c  |
| 6  | Adjusted Intrastate RRQ = Line 1b - Line 3   |
| 7  | Grandfathered support = difference between the amount of HCL+SNA+SV support and Transitioned Additional Loop Costs (Ln 3) included in Broadband Transmission Component (Ln 4a)   |

**Wheat State Telephone Company, Inc**  
**Analysis of ICC Reform Proposed Model 7/29/11**  
**REDACTED VERSION**

CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKETS  
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Line	Description	MOU *	Rate Band	Element	Current Rate	Base 2010	Exclude 2011	Year 1 2012	Year 2 2013	Year 3 2014	Year 4 2015	Year 5 2016	Year 6 2017	Year 7 2018	Year 8 2019
<u>Interstate Demand</u>															
1	Interstate originating						-	-	-	-	-	-	-	-	-
2	Interstate terminating						-	-	-	-	-	-	-	-	-
MOUs reduced by 8% beginning in 2012															
<u>Intrastate Demand</u>															
3	Intrastate originating						-	-	-	-	-	-	-	-	-
4	Intrastate terminating						-	-	-	-	-	-	-	-	-
MOUs reduced by 8% beginning in 2012															
<u>Interstate Rates</u>															
5	Interstate originating					0	0	0	0	0	0	0	0	0	0
6	Interstate terminating					0	0						0	0	0
<u>Intrastate Rates Mirror Interstate</u>															
7	Intrastate originating					0	0	0	0	0	0	0	0	0	0
8	Intrastate terminating					0	0	0.000000	0.000000	0.000000	0				
<u>Interstate Impact</u>															
9 = 1 * 5	Interstate originating				\$	-	\$	-	\$	-	\$	-	\$	-	\$
10 = 2 * 5	Interstate Terminating at Current Rate				\$	-	\$	-	\$	-	\$	-	\$	-	\$
11 = 2 * 6	Interstate Terminating at Proposed Rate				\$	-	\$	-	\$	-	\$	-	\$	-	\$
12 = 11 - 10	Reduced Interstate Revenue (Transition over 3 year period)				\$	-	\$	-	\$	-	\$	-	\$	-	\$
<u>Intrastate Local Switching Impact</u>															
13 = 3 * 7	Intrastate originating				\$	-	\$	-	\$	-	\$	-	\$	-	\$
14 = 4 * 7	Intrastate Terminating at Current Rate				\$	-	\$	-	\$	-	\$	-	\$	-	\$
15 = 4 * 8	Intrastate Terminating at Proposed Rate				\$	-	\$	-	\$	-	\$	-	\$	-	\$
16 = 15 - 14	Intrastate Reduced Interstate Revenue (Transition over 3 year period)				\$	-	\$	-	\$	-	\$	-	\$	-	\$
<u>Reciprocal Compensation - MOUs</u>															
Reciprocal Revenue and Average Rate															
Reciprocal Comp Revenue @ Existing Rates															
Reciprocal Comp Revenue @ Proposed Rates															
Reciprocal Comp Reduced Revenue (Transition over 3 year period)															
<u>Interstate, Intrastate and Reciprocal Comp Reduced Revenue</u>															
Current (from 2/9/11 NPRM analysis)															
18	Monthly Average Local Rate				\$	-	\$	-	\$	-	\$	-	\$	-	\$
19 = Rate * 22	Monthly Average SLC Rate				\$	-	\$	-	\$	-	\$	-	\$	-	\$
20 = 18 + 19	Current Local	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
20a	Additional over three years														
21	Monthly Local Benchmark Rate														
22	Access lines					0	0	0	0	0	0	0	0	0	0
23 = 21 - 20	Average Local Rate Increase														
24 = 21 * 23 Annual	Over Three Years							\$	-	\$	-	\$	-	\$	-
25 = 17 + 24	<b>Potential Revenue Loss to be Recovered from the RM</b>							\$	-	\$	-	\$	-	\$	-

Notes:

\* MOUs are July 2011, annualized; reciprocal compensation are August 2011

Originating remains at current rates.

Interstate MOUs are going down; future payment for VoIP MOUs are shown with 8% loss of MOUs rather than 13%

Lost Interstate revenue part of RM.

Lost Intrastate revenue part of RM, subject to a 10% earnings test

Lost Reciprocal Compensation revenue part of RM.



**Wheat State Telephone Company, Inc**  
**Corporate Operations Expense Limitation**

**REDACTED VERSION**

**CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKETS  
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HCL Work paper			Data Year 2010	Data Year 2011	Data Year 2012	Data Year 2013	Data Year 2014	Data Year 2015
Line	Source	Description	Value	Value	Value	Value	Value	Value
<b>Required Inputs:</b>								
A.	DL535	Executive Expense						
B.	DL550	G&A Expense						
C.	DL60	Total Loops						
D.	DL70	Category 1.3 Loops						
E.	FCC	FCC Constant (see Part 36.621 (a)(4)(ii)(A))						
F.	FCC	FCC Constant (see Part 36.621 (a)(4)(ii)(A))						
G.	FCC	FCC Constant (see Part 36.621 (a)(4)(ii)(A))						
H.	FCC	FCC Constant (see Part 36.621 (a)(4)(ii)(B))						
J.	FCC	FCC Constant (see Part 36.621 (a)(4)(ii)(B))						
K.	FCC	FCC Constant (see Part 36.621 (a)(4)(ii)(C))						
L.	CS input 762	GDP-CPI (varies yearly)						
<b>Step 1: Calculate Total Reported Corporate Operations Expense per loop per month</b>								
M.	(A+B)/C/12	Total Reported Corporate Operations Expense per loop per month	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
<b>Step 2: Calculate Total Allowed Corporate Operations Expense per loop per month</b>								
N.	(E-F*D)*L	Total Allowed Corporate Operations Expense per loop per month when the number of working loops is less than or equal to 6,000 (Calculation 1)	0	0	0	0	0	0
P.	G/D*L	Total Allowed Corporate Operations Expense per loop per month when the number of working loops is less than or equal to 6,000 (Calculation 2)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Q.	(H+J/D)*L	Total Allowed Corporate Operations Expense per loop per month when the number of working loops is greater than 6,000 but less than 18,006	n/a	n/a	n/a	n/a	n/a	n/a
R.	K*L	Total Allowed Corporate Operations Expense per loop per month when the number of working loops is greater than or equal to 18,006	n/a	n/a	n/a	n/a	n/a	n/a
S.	N,P,Q, or R (see Note #1)	Applicable Total Allowed Corporate Operations Expense per loop per month (chosen from above)	0	0	0	0	0	0
<b>Step 3: Perform Limitation Test</b>								
T.	A+B	Total Reported Corporate Operations Expense	0	0	0	0	0	0
U.	(M,S)*C*12 (see Note #2)	Total (limited) Corporate Operations Expense	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
V.	T-U	Corporate Operations Expense Disallowed	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Note #1: The number of working loops determines the applicable Total Allowed Corporate Operations Expense per loop per month. When the number of loops is less than or equal to 6,000, the greater of N and P is selected.  
Note #2: The lesser of M or S is used in the calculation.

**Wheat State does not qualify for the Corporate operations cap, based on this algorithm.**